CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

MUNICIPAL TRANSPORTATION AGENCY:

Concession Audit of Union Square Garage

DOCUMENTS DEPT.

DEC - 9 2002

SAN FRANCISCO
PUBLIC LIBRARY

Audit Number 01046
December 5, 2002

Edward Harrington
Controller

Monique Zmuda
Deputy Controller

December 5, 2002

Audit Number 01046

Municipal Transportation Agency
City and County of San Francisco
401 Van Ness Avenue, Suite 334
San Francisco, CA 94102

President and Members:

The Controller's Audits Division presents its report concerning the concession audit of the Union Square Garage. The City of San Francisco Uptown Parking Corporation (Uptown Parking) leases the Union Square Garage from the City and County of San Francisco (City). Uptown Parking employs a professional garage operator, San Francisco Parking Inc., doing business as City Park, Inc., to manage the garage. The lease requires Uptown Parking to pay as rent each year to the City the amount of the garage net revenue for the year ending April 30.

Reporting Period: May 1, 1999, through April 30, 2001

Gross Revenues: $14,082,826

Results: Uptown Parking, in all material respects, correctly reported the gross revenues of the Union Square Garage to the Department of Parking and Traffic.

Respectfully submitted,

Noriaki Hirasuna
Director

INTRODUCTION

BACKGROUND

On May 1, 1999, the City of San Francisco Uptown Parking Corporation (Uptown Parking), a non-profit corporation, entered a lease with the City and County of San Francisco (City) to operate the Union Square Garage (garage), which is located under Union Square Park. Uptown Parking has a management agreement with San Francisco Parking Inc., doing business as City Park, Inc. (City Park), to manage the garage. In addition, Uptown Parking retained a fiscal agent to oversee Uptown Parking's financial obligations. Under an indenture dated April 1, 2001, the fiscal agent also became the trustee to administer the bonds that Uptown Parking issued for construction of improvements to the premises and to Union Square Plaza.

City Park collects revenue from operation of the garage and other miscellaneous sources, including rent for ATM machines and vending machines. City Park deposits the revenue to Uptown Parking's bank account. Each month, Uptown Parking remits the monthly revenues to the revenue fund held by the Trustee. Uptown Parking, subject to approval by the City's Office of the Controller, reimburses City Park for the costs of operating the garage. Uptown Parking pays the costs associated with the bonds. Each year, Uptown Parking pays as rent to the City the amount of the garage net revenue earned during the year ending April 30. Garage net revenue is the gross revenues less debt service, garage operating expenses, and Union Square Park maintenance expenses.

The lease requires Uptown Parking to submit reports monthly to the Controller and the Municipal Transportation Agency that show the garage revenues and expenditures. The Department of Parking and Traffic (department) oversees the garage operations. The indenture requires Uptown Parking to have an annual audit that is to be submitted to the City, conducted by an independent certified public accountant. For each of the two years ended April 30, 2000 and April 30, 2001, Uptown Parking submitted an audit report on its operations.

SCOPE AND METHODOLOGY

The purpose of this review was to determine if Uptown Parking correctly reported to the department the revenues collected from the operation of the garage. We also determined if the department could rely on the results that Uptown Parking's accounting firm reported for the two lease years ended April 30, 2000, and April 30, 2001. To conduct the review, we made inquiries of the accounting firm and reviewed some of its working papers. We also determined if the accounting firm identified any exceptions and assessed if these exceptions warranted additional testwork. Further, we determined if the taxable parking revenues Uptown Parking reported to the Tax Collector were consistent with the parking revenues reported to the department. We also determined whether Uptown Parking had adequate controls in place by reviewing the independent accounting firm's review of Uptown Parking's internal control system and by performing a limited internal control review.

Digitized by the Internet Archive
in 2016 with funding from
San Francisco Public Library

https://archive.org/details/municipaltranspo5200sanf

AUDIT RESULTS

UPTOWN PARKING CORRECTLY REPORTED UNION SQUARE GARAGE'S GROSS REVENUES

Based on our review of Uptown Parking's audited financial statements from May 1, 1999, through April 30, 2001, and based on inquiries we made of the accounting firm, the Department of Parking and Traffic can rely on the financial statements that Uptown Parking submitted to the department. We determined that Uptown Parking, in all material respects, correctly reported $14,082,826 in gross revenues of the Union Square Garage. We also determined that Uptown Parking has adequate controls in place for accounting for its daily cash collections and administering the monthly parker deposits.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Staff: Bing Julian-Mantegna, Audit Manager
Edwin De Jesus

cc: Mayor
Board of Supervisors
Civil Grand Jury
Public Library